Gift Acceptance Policy

Type of Policy	Operational
Policy	OP-06

Purpose:
Callander Public Library (CPL), as a registered charity, provides financial support for the Callander Public Library Building Fund as well as the new Library's future needs through fundraising activities/campaigns and through the investment and disbursement of those revenues.

In order to fulfill this mission, the CPL has developed this policy to ensure that:

- informed and consistent decisions are made on the acceptance of gifts
- appropriate administrative, legal, and recognition practices and procedures are followed
- Relations with donors are well-defined and equitable

1. Scope

This policy is established to govern the acceptance and administration of all types of gifts made to the CPL and the Callander Public Library Building Fund including inter vivo (during the donor's lifetime) and/or testamentary (bequest from a will) gifts. This policy does not encompass sponsorships or naming rights as these are governed by the CPL's Donor Recognition and Stewardship Policy and Naming Policy.

2. Guiding Principles

a) The purpose of the policy is to inform, serve, guide or otherwise assist donors who wish to support the CPL's fundraising activities, with no intent to pressure or persuade any donor.

b) The CPL will abide by all laws, rules and regulations governing the charitable sector, specifically the Canada Revenue Agency (CRA) Income Tax Act. In particular, all fundraising activities conducted by or on behalf of the CPL will:

i) be truthful
ii) accurately describe the CPL's activities
iii) disclose our name and the purpose for which funds are requested
iv) disclose the details of this policy as necessary
v) disclose, upon request, whether the individual or entity seeking donations is a volunteer, employee or contracted third party.

c) The CPL may choose a contracted agency to manage securities as agreed by the CPL Board. In such a case the organization providing the service and the CPL will prepare an agreement to be signed by both parties.

d) Persons acting on behalf of the Library shall encourage the donor to discuss the proposed gift with independent legal and/or financial counsel of the donor's choice so as to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.
e) The CPL CEO or designate is authorized to negotiate gift agreements with prospective donors, following guidelines set out in this policy and in accordance with other policies approved and adopted by the CPL Board.
f) Gifts and/or gift agreements that differ from the gifts or agreements that are routinely received by the organization shall be reviewed and approved by the CPL's legal counsel, as appropriate.
g) The CPL will not serve as the executor of a donor's will.
h) The CPL will not serve as trustee of charitable remainder trusts but may refer the donor to a trust institution for this service.

3. Gift Approvals

a) All proposed gifts must be approved by the CPL Board or designate.
b) The CEO is authorized to accept gifts to the Library consistent with this Policy and other relevant Library policies and with consideration for the interests of the Library.
c) The Board is responsible for screening and accepting those gifts that the CEO refers for review in accordance with this Policy.
d) The following gifts must be reviewed and approved by the Board:
    i) Outright gifts of real estate, shares in privately-owned companies, tangible personal property (excluding gift in kind outlined below), partnership interests, and any property interests not readily negotiable
    ii) Life Insurance where the Library will undertake payment of premiums
    iii) Residual Interest Gifts
e) Before acceptance of these types of gifts, relevant information about the gift shall be ascertained, including a copy, including details, of any appraisal secured by the donor. The Library also reserves the right to secure its own appraisals.
f) Outright gifts of cash, publicly-traded securities, life insurance, reinsured gift annuities and gifts in kind (where they refer to materials of immediate use to the Library) do not require approval by the Board. Any gift, however, may be referred to the Board for approval at the discretion of the CEO.
g) All gifts shall be made through an appointment with the CEO or designate.

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h) The Board will be consulted and provided the opportunity to review gifts requiring further consideration, prior to acceptance.

4. Gift Refusals

The Library may elect to decline any gift that is deemed inappropriate or not in keeping with the Library's policies. The final decision to decline a gift rests with the Board (or a committee therein) and/or the CEO in accordance with the Library's policies.

Gifts may be refused if:

- the donor requires signing authority and/or undue influence over use of the funds
- the funds are too narrowly restricted or to be used within an unreasonable period of time
- the gift has an attached liability that could create an undesired financial burden
- it in any way violates federal and provincial laws or regulations
- there is question as to whether the donor has sufficient title to the assets or is mentally competent to legally transfer the funds as a gift to the Library
- the Library is not able to liquidate the gift quickly and/or easily
- the Board in its sole discretion, considers the gift to be inappropriate or not in keeping with the Library's policies and/or to the advancement of the mission and objectives of the Library
- the reputation of the donor, the nature of the donor's business and/or that an affiliation with said donor will have a detrimental effect on the Library's public image

5. Eligible Gifts

a) <u>Gifts of Cash</u>

i) Description/Definition

Cash gifts may be in the form of cash, cheques, electronic funds transfer, credit card, money order, or other cash transfer mediums accepted at the Library.

ii) Guidelines

- All cash gifts should be made payable or directed to the Callander Public Library.
- When a donor agrees to have regularly scheduled deductions made from a personal savings or chequing account or credit card through automatic

withdrawal, a $5 minimum per gift transaction is required, or other amount as may be decided by the Board depending on the purpose of the gift.

- Credit for gifts in foreign currency will include the exchange value received for the gift

iii) Valuation

- Receipts will be issued for gifts of cash over $20 based on the amount received.
- Tax receipts will be issued for the year they are received
- As per CRA requirements, the Library generally only issues letters of acknowledgement (no tax receipts) for gifts from Foundations and Associations. As a general practice no receipts will be issued to Corporations, unless requested.
- Credit for gifts in foreign currency will use the Bank of Canada rate on the date the gift is received by the Library
- Recognition Value will be the receipt value

b) <u>Gifts of Publicly Traded Securities</u>

i) Description/Definition

Securities that are actively traded on recognized stock exchanges and other readily marketable securities, including bonds and mutual funds, subject to any legal constraints

ii) Guidelines

- The Library or it's ("contracted agency") will sell all securities as soon as possible after the securities have been received. The Library will make every attempt to sell the securities at a reasonable price, consistent with current conditions. Securities that are not publicly traded, are closely held or are restricted securities will only be accepted upon the approval of the Board.

iii) Valuation

- The tax receipt value of the gift will be the closing price of that share, bond or fund on the day the securities are received into the Library's brokerage account or into the hands of the Library (in the case of mailed or hand-delivered).
- In the case of share certificates that are being reregistered into the Library's name, the tax receipt value will be as of the date that they have been

reregistered and received by the Library. If there is no closing price on that day, then the closing price on the last preceding day for which there was a closing price will be used.

- Recognition Value will be the receipt value.
- Credit for gifts in foreign currency will use the Bank of Canada rate on the date the gift is received by the Library
- For the purpose of issuing a tax receipt and recognition, any capital gains/losses, Foreign Exchange gains/losses, and commissions/fees directly assessed to the Library are absorbed by the Library. The Library will not be responsible for the donor's gains/losses.

c) Life Insurance Policies

i) Description/Definition

The CPL must be designated the irrevocable beneficiary or the owner and beneficiary of an insurance policy before the policy can be credited as a gift.

ii) Guidelines

The CPL will accept ownership of life insurance policies that meet the following criteria:

- The policy must have a minimum cash surrender value of $1000 net of any policy loans or other charges, or other minimum as set by the CPL Board.
- The CPL may liquidate the policy for cash at any time.
- The donor agrees to pay any future premium payments either to the CPL to cover the full cost of premiums to be paid to the insurance company directly. The CPL Board may decide to accept a policy beyond these terms
- The policy must fall within CRA and /or other regulatory guidelines

iii) Valuation

- A receipt for tax purposes may be issued to the donor for the annual premium payments, and for the cash surrender value of the policy at the date of the Gift based on guidelines established by the CRA and Income Tax Act
- Recognition value for fully paid up policies will be at the present value of the death proceeds in the year of the gift and revised to the value of the death proceeds at year of death and for policies with continued premiums at the annual tax receipt value and the value of the death proceeds at year of death.

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d) Gifts in Kind

i) Description/Definition

May include artwork, items of literary importance, and items that provide budget relief are examples of Gifts in Kind that will be considered for acceptance upon review by the CPL CEO.

ii) Guidelines

- All Gifts in Kind will be accepted as per the guidelines set out in the CPL's Policies and/or if they provide immediate budget enhancements for the CPL and do not contradict the CPL's Procurement Processes.
- All materials donated to the CPL will be considered the property of the CPL to do with as it wishes. Consideration to donor's wishes will be brought forward to the CPL Board for approval. Donated In-kind Materials may be deemed to have no value and not accepted by the Library. Materials of value not added to the Library's collections and not used by the Library will be sold, donated or disposed of.

iii) Valuation

- Tax Receipts will be issued for all gifts, received by the CPL, where the minimum fair market value of the donation is met as set out in the CPL's policies, as noted above. With the exception of gifts that enhance the CPL's Special Collections, a tax receipt will be issued only for total annual Gift in Kind donations valued at $100 or more
- Gifts directed to the CPL, not outlined in the above policies, will be evaluated at Fair Market Value (FMV). Where FMV is difficult to determine, the value of the tax receipt and recognition value will be a value as mutually agreed upon by the donor and the Library and/or the Library.
- Recognition value will generally reflect the tax receipt value. Differentiation will be made between Gifts in Kind and financial gifts in all CPL recognition vehicles except the Cumulative Donor Wall

e) Other Gifts

CPL has the option to accept or refuse all other gifts to the CPL

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i) Real Estate

- Outright gifts of real estate, shares in privately-owned companies, tangible personal property, partnership interests, any property interests not readily negotiable, pooled income funds and any other gift conveyance vehicles that, from time to time, may be introduced and approved by CRA must be reviewed and approved by the CPL Board. Before acceptance relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor.
- If practical, the Library will make every effort to liquidate these gifts as soon as possible.
- Gifts that are unusual, such that they differ in the extreme from the amounts or types of gifts that are routinely received by the organization, may only be accepted upon approval of the Board.
- The Library can accept gifts of Certified Cultural Property

ii) Bequests

- Direct, unencumbered bequests shall be accepted by the CPL if the underlying assets are in conformity with the guidelines set forth in this Policy. The CPL reserves the right to not accept gifts from the estates or trusts of deceased donors that do not conform with the terms of this Policy.
- Donors are encouraged to notify the CPL when considering a bequest in order to ensure that the assets left to the CPL meet the criteria set forth in this Policy. Donors are also invited to provide information about their bequest provision and, if they are willing, to send a copy of that section of their will naming the CPL as beneficiary.
- Where possible the CPL will attempt to complete a letter of understanding with the donor detailing the purpose and rationale for the bequest. Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available to donors and their lawyers to ensure that the bequest is properly designated.
- In addition to the assets listed in the Policy, the donor may choose to make the CPL the beneficiary of a number of other assets, including their RRSPs/RRIFs and TFSAs.

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iii) Gifts for Endowment
- All gifts to be designated to an endowment or trust fund must meet the requirements of all CPL policies and be approved by the CPL Board.

iv) Pledges
- A donor may complete a gift in a single transaction or make a pledge to be paid over whatever period of time is mutually acceptable to the donor and the CPL.
- All pledges should have a written statement indicating the amount and terms of the pledge signed by the donor.

6. Gift Designation

a) Designated Gifts

- Donors may designate their gift for a specific purpose provided it meets the needs of the CPL and is approved by the CPL Board. Unless so designated or designated by a fundraising appeal, all gifts to the CPL will be deemed to be unrestricted in purpose and may be allocated as deemed most appropriate by the CPL in consideration of the priority needs of the CPL. These may be immediate or future needs.
- When gifts are accepted with restrictions, such restrictions will be honoured. Modifications, in keeping with the original intentions of the donor, may be made if:
  - the designated purpose and/or terms become inconsistent with the mission of CPL,
  - the gift is no longer relevant to Library operations,
  - the gift becomes a financial burden
  - if requested by the donor or designate and approved by the CPL.
- CPL has the right to refuse a gift with restrictions if it does not meet the purpose and intentions of the Library.
- If the donor is alive, reasonable effort will be made to get approval from the donor or designate. If approval or acceptable modifications cannot be arranged, the CPL will offer to return the funds. In such a case, the CPL will file, with Revenue Canada, the necessary documents for the return of the donated gift.
- In the interest of minimizing administrative expenses only gifts of $25,000 or more may be specifically designated or other such value as maybe decided by the CEO.

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- The Library is responsible for ensuring the funds are allocated as designated. Allocation of all gifts will be in accordance with the Library's Policies.

7. Asset Management and Administration Fees

- All assets held by the CPL are managed, invested and distributed in accordance with the CPL's Investment Policy (FIN 1).
- In general, the CPL does not bear the costs associated with the valuation or maintenance of the gift. These costs will be charged to the proceeds of the gift, rather than the CPL's other funds or its general operating expenses.

8. Gift Acknowledgement and Recognition

- The CPL will acknowledge the receipt of all gifts with a value of $20 as per CPL policy and in a manner which satisfies the CRA. The CPL will maintain records of all gifts as per CRA guidelines and will be part of the Library's yearly audit).
- Recognition for all gifts will be in accordance with the Library's Donor Recognition and Stewardship Policy.
- The Library reserves the right to limit or retract recognition should the public respect of the Library be undermined or should a pledge commitment not be fulfilled.

Appendix 1 – Definitions and Terms

Bequest: a testamentary gift (or gift received after death) generally received through a donor's will or other estate-planning document such as a living trust.

Board: Callander Public Library Board/or designated elected team of Board members to deal with donated items

CEO: Chief Executive Officer of the Callander Public Library

Charitable Remainder Trust: Assets are placed in a trust that is managed by a trustee (for

example a bank). Assets are invested by the trustee. Trust pays an income for life or for a set term of years to the named beneficiaries. When the last income beneficiary dies, or the trust term ends, the trust dissolves and the remaining assets (charitable remainder) are given to the charity for the purposes designated by donor.

Certified Cultural Property: Certified Cultural Property that has been determined and certified by the *Canadian Cultural Property Export Review Board* to be of "outstanding significance and national importance" to Canada. Gifts of Certified Cultural Property can only be received by designated cultural institutions and public authorities.

Endowed Fund: A permanent fund where the capital is kept intact and only the income (or a portion of the income and capital gains) is spent on charitable purposes.

A **philanthropic gift or donation** is an arrangement where a donor contributes cash and/or in-kind goods or services to the Library, without expectation or requirement of a reciprocal benefit. While most donors expect some form of recognition as a result of their gift, the recognition is marginal in value relative to the value of the gift as defined by the Canada Customs and Revenue Agency.

Gifts in kind: For the purposes of this policy, gifts in kind refer to the donation of items that may be used by the Library and/or the Library, items such as books, artwork, computer hardware and software, other items of literary importance or items that may be used in the process of fundraising such as items for sale or auction.

Library: Callander Public Library CEO and/or Board.

Life insurance (Library is owner and beneficiary): Donor assigns all rights in the policy to charity. Donor delivers the policy itself to charity and gives up control of the life insurance policy, but will commit to paying any outstanding premiums.

Life insurance (Library is beneficiary): Donor makes charity the beneficiary of a life insurance policy. The beneficiary may be revocable or irrevocable.

Publicly-traded Securities: Securities that are actively traded on any recognized public

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exchanges, as well as bonds and mutual fund units and shares

Pooled income fund: A pooled income fund is a trust, operated by a charitable organization that combines the contributions of many donors for investment purposes. When donors make gifts to the pooled income fund, units are assigned to them or their named beneficiaries. The net income from the fund is paid to each beneficiary on the basis of the number of units assigned.

Partnership interests: For an individual holding an interest in a business or investment entity taxed as a partnership a gift may be made of all or a portion of the partner's interests in the partnership, including the partner's transferable interest and all management and other rights.

Reinsured Charitable Gift Annuity: A charitable gift annuity is an arrangement under which a donor transfers a lump sum to a charity in exchange for fixed, guaranteed payments for the life of the donor and/or another person, or, alternatively, for a term of years. All or a substantial portion of the annuity payments will be tax-free. Librarys are not allowed by Revenue Canada to issue Charitable Gift Annuities and may choose to create a reinsured gift annuity also known as the "Gift Plus Annuity". An insurance company will issue the annuity rather than the organization. The organization works with a life insurance agent on the donor's behalf to arrange for a commercial annuity. Generally, the donor permits the charity to retain 25% - 30% of the contributed amount for its immediate charitable purposes. The balance of the lump-sum contribution is used to purchase the commercial annuity.

Residual Interest Gifts: The gift of residual interest is similar to charitable remainder trusts for tax purposes, but it is funded with real or personal property rather than cash or securities, i.e. Real estate, art work, etc. The beneficiaries get to enjoy the gifts during their lifetime. When the beneficiary dies or the trust term ends, the trust assets are distributed to the charity.

Securities: financial instruments that hold value and can be traded between parties, an investment that you can buy or sell including: stocks, bonds, mutual funds, exchange-traded funds or other types of investments.

Trust Fund: a fund where the intent is that the capital is invested over the long-term to support a purpose, similar to an Endowed Fund, however, there may be encroachment on capital to

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fulfill the purpose of the Fund, as defined in the terms of the agreement.

Will: the most basic instrument used to distribute an asset, also called Last Will and Testament. A will is a legal document that spells out the disposition of a person's assets after death. It is governed by state law and is the most basic element of an estate plan.